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FOR A. KWEMO AND H. CORNELL (USAF)

C O R R E C T E D C O P Y - SUBJECT LINE CHANGED

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SUBJECT: SCENESETTER FOR CODEL RUSH

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1. (SBU) Summary: Representative Rush, Embassy Rabat warmly welcomes you and your delegation to Morocco. Politically and economically, Morocco is a country "on the move," deeply engaged in reform and development, albeit unevenly. Morocco has averaged over 5 percent annual growth in recent years and products and services are increasingly specialized to take advantage of international trade opportunities and boost local growth. The country has made substantial advances in political and social reforms in the areas of human rights, equal rights for women and press freedom. Nonetheless, King Mohammed VI retains extensive political power while Parliament remains weak. At the local level, however, we have seen encouraging progress. For example, 12 percent of the seats, i.e., over 3,000, were reserved for women in the nationwide communal elections on June 12, and women won additional contested seats even above the number reserved.

2. (SBU) Morocco's top foreign policy priority is securing international support for its claim to Western Sahara. Morocco faces a serious, but largely contained, terrorism threat mainly from small, disorganized cells adhering to Salafia Jihadia extremist ideology. Morocco has controlled this threat through the vigilance of its internal security services, emphasis on prevention of radicalization (in the religious, social and economic spheres), and robust international cooperation. Morocco's military is modernizing and shares a positive relationship with the U.S., as evidenced by increasing military sales, including the purchase of 24 F-16s among other equipment, and training. End Summary.

Economics, Trade and Assistance

3. (SBU) Morocco's economy is dynamic and diversifying, although marred by disparities in wealth and hampered by stiff export competition from other low-cost countries. Over the past few years, the Government has replaced many slums with adequate housing, and unemployment has declined to below 10

percent. Despite the global economic slowdown, economic growth is expected to exceed five percent this year, thanks in large part to a record agricultural harvest. Recent evaluations describe the Kingdom as resisting economic contraction thus far, but feeling increasing strain from declining exports, remittances and tourism. The financial sector is sanguine about Moroccan banks' continued immunity to the financial turmoil that has affected other countries, and observers are optimistic about the country's economic prospects.

14. (U) Since implementation of the U.S.-Morocco Free Trade Agreement (FTA) on January 1, 2006, bilateral commerce has nearly tripled. Seeing new markets develop as a result of the FTA, U.S. and other foreign firms have increased their investments in Morocco. Recent studies by Moroccan business groups have concluded, however, that Moroccan firms are not taking advantage of opportunities that exist in the U.S., leading to some criticism of the value of the FTA to Morocco. The Embassy sponsors outreach sessions to raise awareness of FTA benefits and reduce obstacles for Moroccan businesses to create commercial ties with American counterparts, and the USAID Mission has also supported economic growth in ways that take advantage of the FTA opportunities in targeted sectors such as agriculture.

15. (SBU) United States bilateral assistance to Morocco focuses on youth and women, targeting four priorities: economic growth, counterterrorism and counter-extremism, democracy and governance and quality education. Assistance includes projects under the Millennium Challenge Corporation (MCC), USAID, Peace Corps, and the Middle East Partnership Initiative (MEPI). Building on decades of USAID and Peace Corps efforts, the MCC signed a five-year, USD 697.5 million Millennium Challenge Account Compact with Morocco in 2007 to reduce poverty and increase economic growth. The MCC will support five major projects selected for their potential to increase productivity and improve employment in high potential sectors of Morocco's economy: Fruit Tree Productivity, Small Scale Fisheries, Crafts, Financial Services and Enterprise Support.

Governance and Parliament

16. (SBU) Current Government: Prime Minister Abbas El Fassi's government, formed after the September 2007 legislative elections, is built on a minority coalition. The Government, filled with young technocrats from within and outside El Fassi's Istiqlal party, has performed better than many expected and looks capable of a full term despite its minority status. Internal democracy is growing within political parties. A political formation founded by Fouad Ali El Himma, an intimate of the King, has evolved into a new Party of Authenticity and Modernity (PAM) by grouping several smaller parties. It now constitutes the largest political bloc in Parliament, won the most votes in the June 12 municipal elections and could be prepared to lead should the current coalition falter.

17. (SBU) Parliament: The bicameral Parliament has little power and provides no effective check on the monarchy. Constitutional change, which most major parties call for openly, may help improve the system some day, but weak regional government capacity, high rates of illiteracy among the population, and mutual distrust among parties that are used to monarchical paternalism may slow changes. Although the September 2007 parliamentary elections were the

most transparent in the country's history, the record low participation (37 percent of registered voters) reflects the lack of voter confidence in the institution.

18. (SBU) Local Government: Morocco's June 12 municipal and local elections were notable for the Government's decision to reserve 12 percent of local council seats for women candidates. In what has been called the "petite revolution," women won 3,400 local seats, a 25-fold increase in elected women officials in the country. Although most were elected from the reserved women's list, hundreds were elected from general lists in competition with male candidates. Morocco now has more elected women officials than any other Arab country and has dramatically increased the visibility of women as leaders and policy makers, a critical step in shattering gender stereotypes and eliminating discrimination against women. Of the recently elected officials, a dozen women won subsequent election by peers to chair local councils, i.e., to be mayors or the equivalent rural executives. To support this historical advance of women's participation, the USG, through a collaborative project managed by the International Republican Institute (IRI) and the National Democratic Institute (NDI), sponsored training for over 3,500 female candidates prior to the elections.

Human Rights and Reform

19. (SBU) King Mohammed VI has embarked on an ambitious and continuous program of human rights reforms that include the Arab world's first truth commission, a revised family code, and growing governmental transparency and accountability. In addition, there has been a recent expansion of cultural rights and outlets for Berbers, one of the largest ethnic groups in Morocco. Morocco has made substantial progress on issues of freedom of speech and press freedom, but "redlines" remain around media discussion of the monarchy, Islam, and the Western Sahara, which, if crossed, can lead to debilitating financial penalties and even jail. The government's seizure at the beginning of August of newsmagazines that were preparing to publish the results of an opinion poll on the monarchy provided a vivid illustration of the limits of press freedom, as did recent high-profile libel judgments against newspapers. Morocco is a leader in the region in press freedom and social reforms, but these positive changes are still not deeply rooted in law and could be rolled back. Continued support and encouragement from partners like the United States and Europe are essential.

Foreign Policy Issues

10. (SBU) Western Sahara: Moroccan foreign policy is dominated by defending and seeking international recognition of its claims to sovereignty over Western Sahara. The issue is a source of long-standing tension with neighboring Algeria, which has historically supported the POLISARIO Front's quest for independence for Western Sahara by way of a UN-sponsored referendum. In April 2007, Morocco proposed a new autonomy plan for the region, and a series of UN-sponsored negotiations with the POLISARIO have taken place in Manhasset, New York. The Moroccan proposal would provide Sahrawis, the indigenous people of Western Sahara, autonomy in administering local affairs, while the territory would remain under Moroccan sovereignty. There have

been four rounds of talks, and new informals began in Vienna, Austria on August 10. The U.S. Government supports a UN-brokered peaceful resolution to the dispute and has recently called for support for the UN Secretary General's Personal Envoy on this issue, former U.S. Ambassador Christopher Ross, to advance the process.

¶11. (SBU) Middle East Peace Process: The late King Hassan II helped promote Middle East peace by welcoming then-Israeli Prime Minister Shimon Peres for an official visit in 1986, and King Mohammed VI could play a similar supportive role in the future. King Mohammed VI chairs the Organization of the Islamic Conference's (OIC's) Jerusalem Committee and has lobbied hard against any efforts to change the historically Islamic and Arab characteristics of the city, including residence demolitions.

Morocco's Terrorism Challenges

¶12. (SBU) A relative lull following the 2003 Casablanca bombings, which targeted Jewish and Western interests and killed 45 people, was shaken in the spring of 2007 by a series of suicide bombings centered in Casablanca, and by another bombing in Meknes in August of that year. Throughout 2007, 2008 and 2009, the Government of Morocco (GOM) continued to dismantle, in a preemptive fashion, terrorist and foreign-fighter cells within the Kingdom. Characteristics of attacks and disrupted cells in recent years support previous analysis that Morocco continues to be threatened by numerous small "grassroots" Salafi Jihadia groups willing to commit violent acts against the state, foreigners and innocent civilians. Morocco's primary external terrorism threat is the Algeria- and Mali-based al-Qa'ida in the Lands of the Islamic Maghreb (AQIM) terrorist group, which is known to be training Moroccans. Morocco is also combating the recruitment and movement of extremists willing to attack coalition forces in Iraq and Afghanistan.

Morocco's Counterterrorism Approach

¶13. (SBU) The GOM's implementation of a comprehensive counterterrorism (CT) strategy emphasizing security measures, counter-radicalization policies, and international cooperation has been largely successful in containing the threat. As "Commander of the Faithful," King Mohammed VI has moved to standardize religious doctrine and consolidate control over religious schools. The GOM also continues to implement internal reforms aimed at ameliorating socio-economic factors that contribute indirectly to extremism. The National Initiative for Human Development, launched by the King in 2005, is a USD 1.2 billion program designed to generate employment, combat poverty, and improve infrastructure. The GOM also emphasized adherence to human rights, improved investigative standards, and increased judicial transparency as part of its strategy. The vast majority of the population rejects the radicals, which has made the government's vigilant security efforts more effective.

Military Reform

¶14. (SBU) The Royal Armed Forces of Morocco (FAR) are modernizing but remain burdened by corruption,

inefficient bureaucracy, and political marginalization. The U.S. enjoys a positive and robust military relationship with Morocco, as evidenced by increased U.S.-Moroccan military training exercises and Morocco's recent USD 2.5 billion purchase of sophisticated weapons from the U.S., to include 24 F-16s -- an apparent counter to an earlier Algerian purchase of advanced aircraft from Russia in 2007. These decisions suggest the potential for military reform and increasing prospects for closer U.S. engagement.

JACKSON